



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
FINANCIAL MANAGEMENT AND COMPTROLLER  
109 ARMY PENTAGON  
WASHINGTON DC 20310-0109



REPLY TO  
ATTENTION OF

10 JAN 2003

MEMORANDUM FOR DEPUTY ASA FOR ARMY BUDGET  
DEPUTY ASA FOR COST AND ECONOMICS  
ACTING DEPUTY ASA FOR FINANCIAL OPERATIONS

SUBJECT: FY 2003 Implementation of the Army Management Control Process

The purpose of this memorandum is to provide guidance on implementing the Army management control process within OASA (FM&C) for FY 2003:

- As Assessable Unit Managers (AUM), you must (1) ensure that required evaluations of key management controls are conducted and (2) approve the results. These evaluations are outlined in the Management Control Plan at Enclosure 1 (FY 2003 evaluations are highlighted). These evaluations must test the key controls and document the results on DA Form 11-2-R (Enclosure 2), which you will sign.
- As AUMs, your performance agreements must include an explicit statement of responsibility for management controls. This need not be a separate performance objective. It may be brief and may take any form, but it must be specific enough to provide accountability.
- All managers are responsible for understanding and applying the Comptroller General Standards for Internal Control in the Federal Government (Enclosure 3). I urge you to communicate these standards to your subordinate managers and to ensure that they receive training on the Army management control process.

Please contact our management control staff if you require training, copies of management control checklists or assistance in conducting evaluations. For these matters and for any management control questions, please contact Mr. William Harris (693-2770) or Ms. Debra Rinderknecht (693-2671).

*Sandra L. Pack*

Sandra L. Pack  
Assistant Secretary of the Army  
(Financial Management and Comptroller)

Enclosures

CF:  
PDASA (FM&C)  
Military Deputy for Budget  
ODCS, G-8 (ATTN: Chief, Executive Services Division)



# FY 03-07 MANAGEMENT CONTROL PLAN

TASK	FUNCTION	POLICY	OFFICE **	EVALUATION METHOD	EVALUATION SCHEDULE				
					FY03	FY04	FY05	FY06	FY07
Fin Mgmt	Management Control	AR 11-2	FIN OPNS	Checklist or Existing Review Process		X		X	
Fin Mgmt	Budget Execution	DFAS-IN 37-1	BUDGET, ADMIN	Checklist or Existing Review Process					X
Fin Mgmt	Special Mission Funds (C) Special Review Office Finance and Accounting Offices	AR 37-64	FIN OPNS	Checklist or Existing Review Process	X		X		X
					X		X		X
Fin Mgmt	Purchase Card Program	BP Handbook	COST, ADMIN	Checklist or Existing Review Process		X			
Fin Mgmt	Army Travel Card Program	DA Let 37-97-1	ADMIN	Checklist or Existing Review Process	X				
Security	Physical Security	AR 190-13	ADMIN	Physical Security Survey & Inspection Program			X		
Security	Information System Security	AR 380-19	BUDGET	Checklist or Existing Review Process		X			
Supply	Retail Supply Operations - Property Book	AR 710-2	ADMIN	Command Supply Discipline Program				X	
	** OFFICES:								
	BUDGET = DASA for Army Budget								
	COST = DASA for Cost and Economic								
	FIN OPNS = DASA for Financial Operations								
	ADMIN = DCS, G-8 Executive Services Division								

Encl 1

<b>MANAGEMENT CONTROL EVALUATION CERTIFICATION STATEMENT</b>		1. REGULATION NUMBER
For use of this form, see AR 11-2; the proponent agency is ASA (FM&C).		2. DATE OF REGULATION
3. ASSESSABLE UNIT		
4. FUNCTION		
5. METHOD OF EVALUATION <i>(Check one)</i>		
<input type="checkbox"/> a. CHECKLIST <i>(Indicate appendix letter)</i>		<input type="checkbox"/> b. ALTERNATIVE METHOD <i>(Indicate method)</i>
6. EVALUATION CONDUCTED BY		
a. NAME <i>(Last, First, MI)</i>		b. DATE OF EVALUATION
7. REMARKS <i>(Describe your review process)</i> a. Describe how each key management control was tested (e.g., direct observation, file/documentation review, analysis, sampling, simulation, other _____).  b. Describe the deficiencies detected in these key management controls (if any).  c. Describe the corrective actions taken (if applicable).		
<b>8. CERTIFICATION</b>		
I certify that the key management controls in this function have been evaluated in accordance with provisions of AR 11-2, Management Control. I also certify that corrective action has been initiated to resolve any deficiencies detected. These deficiencies and corrective actions <i>(if any)</i> are described above or in attached documentation. This certification statement and any supporting documentation will be retained on file subject to audit/inspection until superseded by a subsequent management control evaluation.		
a. ASSESSABLE UNIT MANAGER		b. DATE CERTIFIED
(1) TYPED NAME AND TITLE		
(2) SIGNATURE		

Encl 6

## STANDARDS FOR INTERNAL CONTROLS IN THE FEDERAL GOVERNMENT

The Comptroller General of the United States established 5 standards for internal control/management control in the Federal government. These standards define the minimum level of quality acceptable for management control systems and form the basis against which management controls are to be evaluated. These standards apply to all aspects of our daily operations. Every manager should ensure that they integrate these standards into their daily operations.

- (1) CONTROL ENVIRONMENT.** Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward management control and conscientious management. A positive control environment is the foundation for all other standards. It provides the discipline and structure as well as the climate, which influences the quality of management control.
- (2) RISK ASSESSMENT.** Management controls provide a tool to help the organization assess risk from both external and internal sources. A precondition of risk assessment is the establishment of clear and consistent objectives. Risk assessment is the identification and analysis of relevant risks associated with achieving these objectives.
- (3) CONTROL ACTIVITIES.** Control activities are the policies, procedures, techniques and mechanisms that enforce management's directives. They help ensure that actions are taken to address risk. Control activities are an integral part of an organization's planning, implementing, reviewing and accountability for resource stewardship.
- (4) INFORMATION AND COMMUNICATIONS.** For an organization to run and control its operations, it must have relevant, reliable and timely information relating to internal and external operations. Information should be recorded and communicated to management and others within the organization who need it and in a form and within a time frame that enables them to carry out their management control and other responsibilities.
- (5) MONITORING.** Management controls should be designed to assess that on-going monitoring occurs in the course of normal operations. It should be performed continually and be ingrained into an organization's operations.